

# SBA's 504 Loan . . . Fixed Asset Financing for Small Business



## 504 Loans Can Be Used To . . .

- ✓ Purchase land and construct new buildings
- ✓ Purchase and renovate existing buildings
- ✓ Acquire and install machinery
- ✓ Expand existing facilities

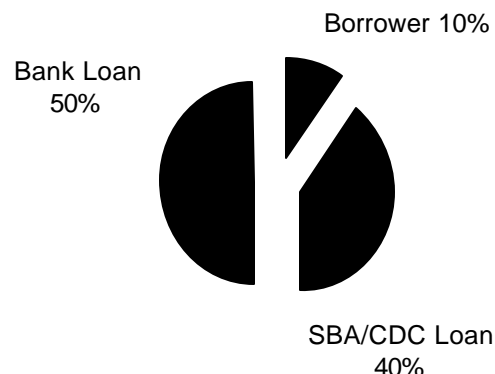
## Advantages of an SBA 504 Loan

- ✓ Low down payment - As little as 10%
- ✓ Long term repayment - 10 or 20 years
- ✓ Low, fixed interest rate on 504 debentures

## 504 Loan Structure

Example: \$3,750,000 Project

	<u>\$ Amount</u>	<u>% of Project</u>	<u>Security</u>
Bank Loan	\$1,875,000	50%	1 <sup>st</sup> Lien
SBA/CDC Loan	\$1,500,000	40%	2 <sup>nd</sup> Lien
Borrower	<u>\$ 375,000</u>	<u>10%*</u>	
<b>Total:</b>	<b>\$3,750,000</b>	<b>100%</b>	



504 Financing works best on general projects up to \$5 million and on manufacturing projects up to \$10 million.

## How It Works

North Carolina has 11 Certified Development Companies licensed by SBA. These CDCs work closely with borrowers and their banks to package, process, and service 504 loans. The loans are funded by the sale of SBA guaranteed debentures on Wall Street. These government guaranteed bonds enable 504 borrowers to obtain low, fixed interest rates on 10- or 20-year loans. Call one of the CDC's listed below to find out if a 504 Loan is right for you!

Asheville-Buncombe Dev. Corp.	Asheville	Robert Kendrick	(828) 645-0439
Business Expansion Funding Corp.	Charlotte	Fred Miller	(704) 442-8145
Centralina Dev. Corp.	Charlotte	Richard D. Vitolo	(704) 373-1233
Neuse River Dev. Authority	New Bern	Don T. Stewart	(252) 638-6724
Northwest Piedmont Dev. Corp.	Winston-Salem	Charles Malone	(336) 761-2108
Region C Dev. Corp., Inc.	Rutherfordton	James B. Edwards	(828) 287-2281
Region D Dev. Corp.	Boone	Phil Trew	(828) 265-5434
Region E Dev. Corp.	Hickory	James E. Chandler	(828) 322-9191
Self-Help Ventures Fund	Durham	Jim Overton	(919) 956-4473
Smoky Mountain Dev. Corp.	Waynesville	Tony Johnson	(828) 452-1967
Wilmington Industrial Dev., Inc.	Wilmington	Susie Parker	(910) 763-0013